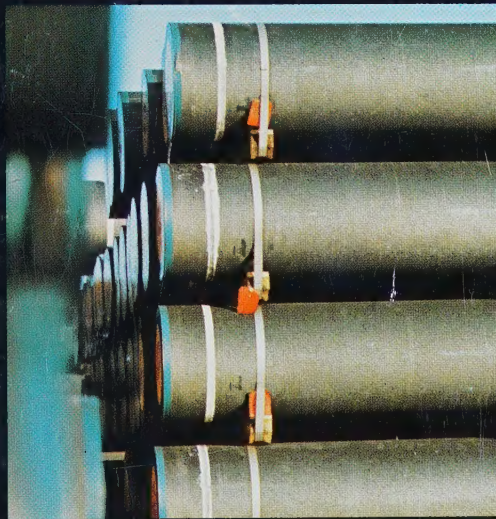
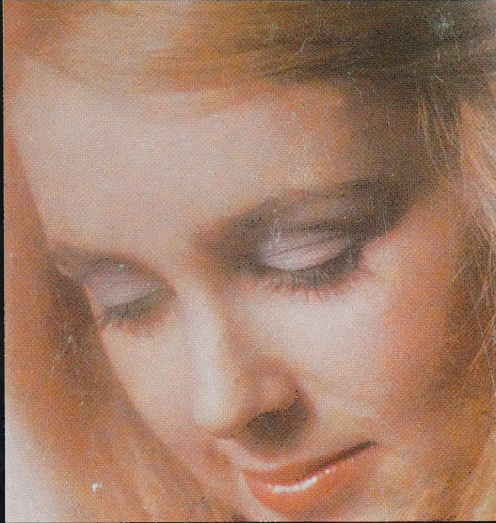
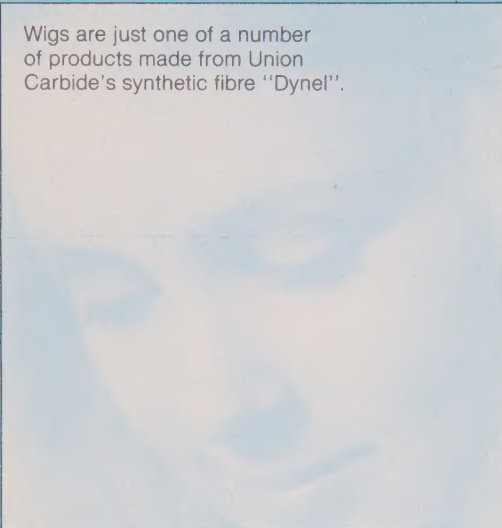


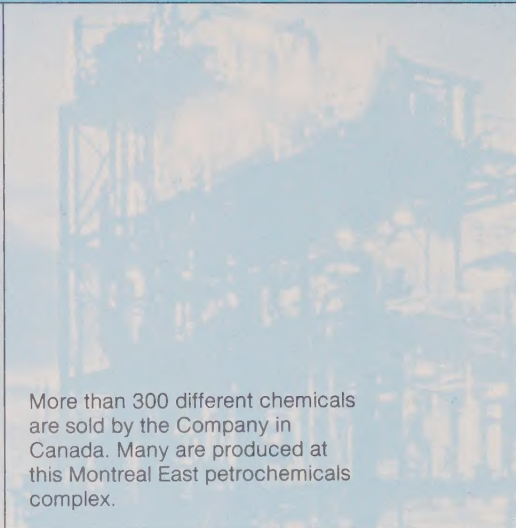
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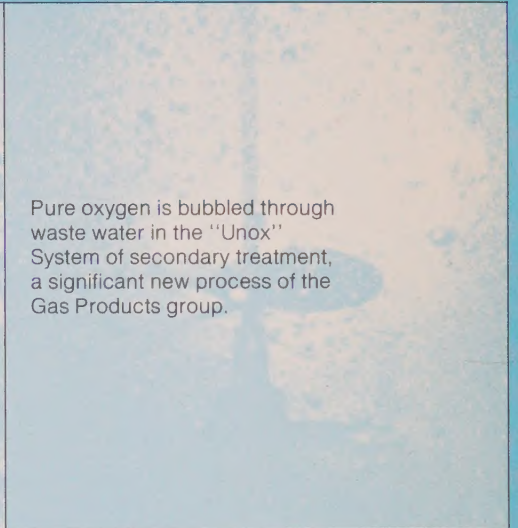
the cover/ illustrates the range and diversity of Union Carbide Canada Limited's product mix.



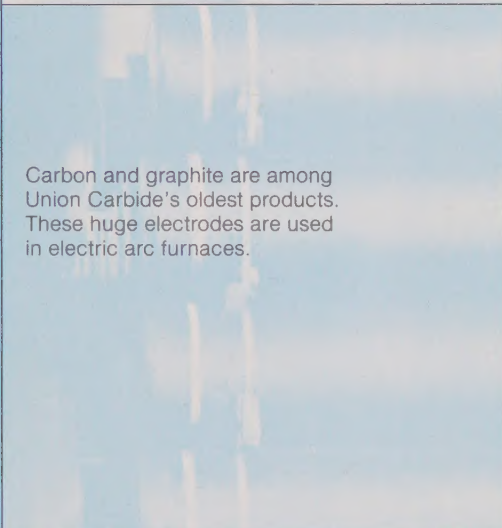
Wigs are just one of a number of products made from Union Carbide's synthetic fibre "Dynel".



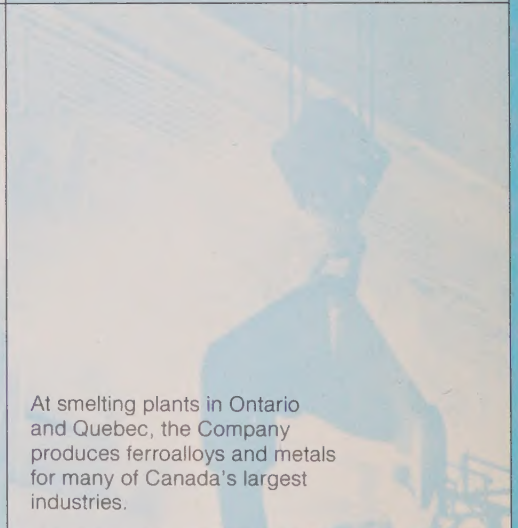
More than 300 different chemicals are sold by the Company in Canada. Many are produced at this Montreal East petrochemicals complex.



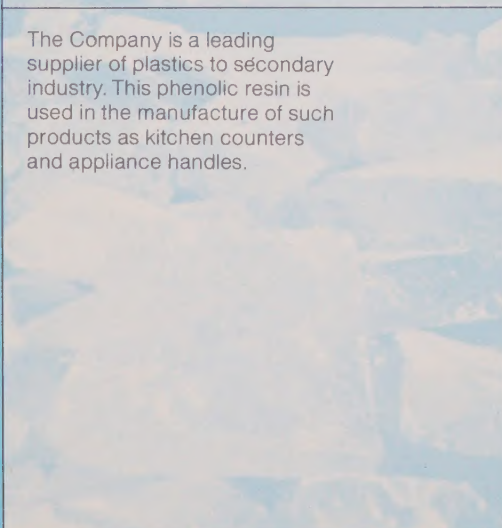
Pure oxygen is bubbled through waste water in the "Unox" System of secondary treatment, a significant new process of the Gas Products group.



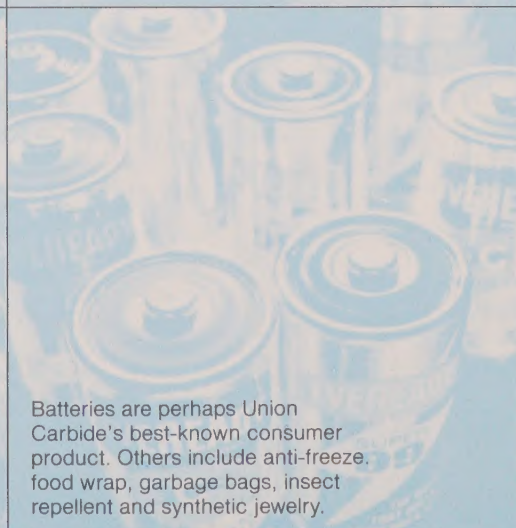
Carbon and graphite are among Union Carbide's oldest products. These huge electrodes are used in electric arc furnaces.



At smelting plants in Ontario and Quebec, the Company produces ferroalloys and metals for many of Canada's largest industries.



The Company is a leading supplier of plastics to secondary industry. This phenolic resin is used in the manufacture of such products as kitchen counters and appliance handles.



Batteries are perhaps Union Carbide's best-known consumer product. Others include anti-freeze, food wrap, garbage bags, insect repellent and synthetic jewelry.

Sur demande, il nous fera plaisir de vous envoyer l'édition française de ce rapport.

to the shareholders

The year 1970 was a challenging one for Union Carbide Canada Limited as generally slow economic conditions affected widespread areas of the Company's business. Sales increased by 8.5 per cent to \$199.5 million, primarily due to a gain of 43 per cent in export volume. Domestic sales increased by only five per cent, reflecting the minimal growth in consumer purchasing and a downturn in capital investment.

Earnings from operations at \$10.8 million were seven per cent over those of 1969, although net income at \$11.4 million or \$1.14 per share decreased marginally from 1969's \$1.16 per share due to a substantial decline in extraordinary income.


The sales pattern of last year is expected to reverse itself in 1971. Domestic sales should return to more normal growth levels, with a renewal of consumer purchasing and an increase in housing starts accompanying a moderate upswing in the Canadian economy. Export sales could show a decline, since much of the 1970 volume consisted of shipments to meet unexpected shortages at affiliate companies throughout the world.

Our price index, which is tending to stabilize after several years of severe decline, is expected to remain constant with increases in some product areas balancing decreases in others. With this type of pricing situation combined with continued cost inflation, it would be optimistic to expect more than a modest increase in earnings in 1971, resulting from expanded sales and productivity improvements.

Union Carbide continued in 1970 to work on the control of emissions at several plant locations where environmental problems still exist. Intensive engineering studies are being undertaken to solve these problems which are essentially of a technological nature.

William A. Dimma resigned as Executive Vice-President and a Director in order to continue post-graduate studies. Paul L. Alsbaugh resigned as a Director upon his retirement from Union Carbide Corporation. Both made significant contributions to the Company. They were succeeded on the Board by William B. Nicholson and Dr. Thomas R. Miller, Vice-Presidents of Union Carbide Corporation. In senior management, Douglas F. S. Coate was appointed Secretary and General Counsel and Alexander I. Hainey was named a Vice-President. F. Gordon Murphy succeeded Mr. Hainey as General Manager of the Metals and Carbon group.

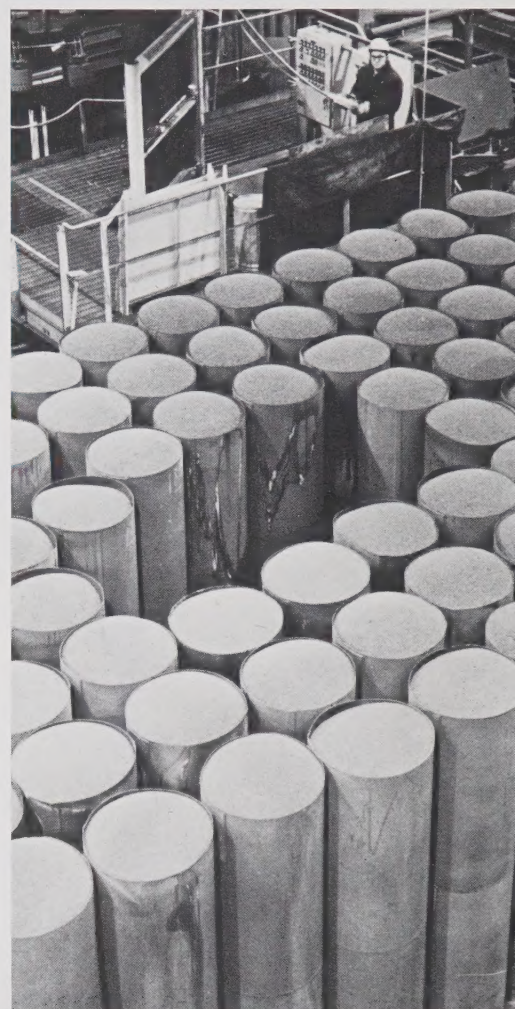
To the many capable men and women who work for Union Carbide Canada Limited, I would like to extend my thanks for their continued enthusiastic and loyal efforts.



J. D. Duvar
President

financial highlights

	1970	1969
Sales	\$199,532,000	\$183,878,000
Income before Extraordinary Items	10,783,000	10,079,000
<i>Per Share</i>	\$1.08	\$1.01
Net Income	11,359,000	11,606,000
<i>Per Share</i>	\$1.14	\$1.16
Dividends	6,000,000	6,000,000
<i>Per Share</i>	\$0.60	\$0.60
Shareholders' Equity	118,583,000	113,224,000
<i>Per Share</i>	\$11.86	\$11.32
Construction Expenditures	16,525,000	15,890,000
Depreciation	12,480,000	13,309,000
Total Assets	203,257,000	193,401,000



Graphite electrodes (top) are prepared for the baking process at a recently-completed expansion at Union Carbide's Welland, Ontario, metals and carbon plant.

Electrodes are the principal product of the new facilities. They are used in electric arc furnaces in the basic steel industry.



Sales reached an all-time high of \$199,532,000 in 1970, an increase of 8.5 per cent over 1969 sales of \$183,878,000.

It was the ninth straight year of sales improvement, and the record level was achieved in the face of reduced activity on the part of many industries served by Union Carbide and only marginal growth in the Canadian economy.

Income from operations was \$10,783,000, seven per cent higher than the 1969 comparable figure of \$10,079,000. A decline in extraordinary income in 1970 caused a decrease of two per cent in net income, from \$11,606,000 or \$1.16 per share to \$11,359,000 or \$1.14 per share.

The 1970 extraordinary income resulted from a reduction in income taxes payable by the application of prior-period losses of subsidiaries. In 1969, extraordinary items included a similar tax reduction and a gain from the sale of the Company's rigid plastic container business.

Storage silos for petroleum coke, the raw material used in electrode production, tower alongside the new extrusion building at the Welland plant.

sales by group

Chemicals and Fibres' improvement over 1969 was due largely to increased sales of anti-freeze and nylon yarn for carpet and fabric production. Dollar sales of chemicals continued to suffer from a declining price index.

Plastics sales maintained their steady growth rate. Increased use of low-density polyethylene in wire and cable production was a major factor in the 1970 increase. Sales of thermosetting plastics were below the level of the previous year while polyethylene film products and food casings showed little change.

Gases showed the greatest percentage sales gain as deliveries of distillation trays for use in heavy water production more than offset the adverse effect of the low level of activity in many of the industries which use the gases and equipment marketed by this group.

Sales of the **Metals and Carbon** group increased significantly, reflecting the high level of production in the Canadian steel industry and the world-wide growth in the production of both steel and aluminum. Included in the products of this group are Union Carbide's metals and alloys, carbon and graphite, and EVEREADY batteries.

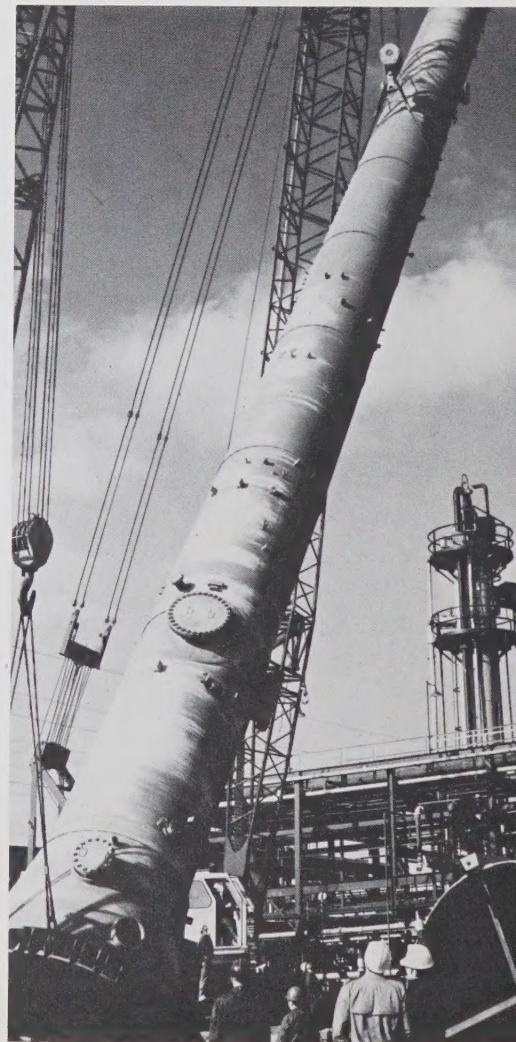
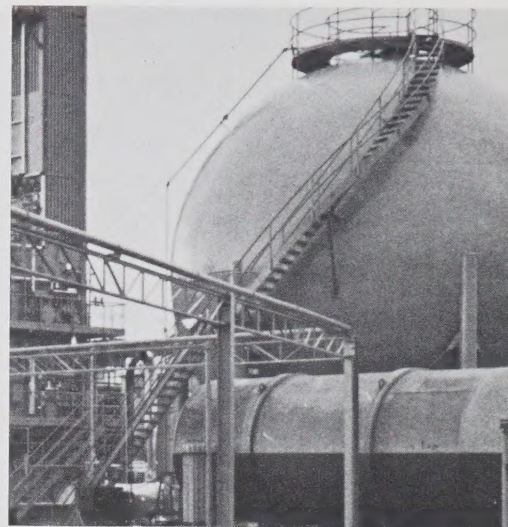
construction

Expenditures on construction totalled \$16.5 million as Union Carbide geared to meet the growing demand for many of its products. The amount was an increase of more than four per cent over the previous year's outlay.

At the Welland, Ontario, plant, a major expansion was completed to meet the increased demand for carbon and graphite resulting from growth in world aluminum and steel output and in the share of steel being produced by electric furnaces requiring high-quality graphite electrodes. The baking and graphitizing phases of the new plant are already in capacity production while the forming section is scheduled to be fully operational early in 1971.

A new air separation plant at Selkirk, Manitoba, went on stream in October to serve major centres from Thunder Bay to the Pacific coast. With a combined capacity of 55 tons per day, it is Western Canada's largest liquid nitrogen, oxygen and argon producing facility.

Work started on a major expansion at the Montreal East petrochemicals complex. Scheduled to go on stream in mid-1971, the project will expand present polyethylene capacity by 50 million pounds a year and add new facilities for the refining of propylene at rates in excess of 100 million pounds annually. Plans for a giant olefins complex, under consideration since 1967, were suspended. Discussions are continuing with governments and others with a view to developing the conditions necessary for a world-competitive, ethylene-based petrochemicals industry.



This new air separation plant (top) at Selkirk, Manitoba, is Western Canada's largest, and the ninth in a series of such Union Carbide facilities located at strategic points across the country.

A section of refining column is lifted into place during construction of an expansion at the Company's Montreal East petrochemicals plant. The expansion involves a new propylene unit and increased polyethylene capacity.

subsidiaries

The operations of Chicoutimi Silicon Ltd., a subsidiary located at Chicoutimi, Quebec, were merged with those of Union Carbide in 1970. The plant produces ferrosilicon for both the domestic and export markets and uses hydro-electricity generated by another subsidiary, Smelter Power Corporation. Sales of Becker Drills Ltd. were adversely affected by reduced activity in mining exploration and construction, two fields which constitute the major markets for Becker's unique drilling devices. Becker's manufacturing operations and offices were combined during the year in a new, more efficient Calgary building.

Union Carbide Canada Mining Ltd. operates a quarry at Melocheville, Quebec, to supply Union Carbide with quartzite, used in the production of ferrosilicon and silicon metal. In 1970, this subsidiary also evaluated mineral properties in four provinces.

employee relations

As part of its continuing development of an organizational structure compatible with the changing business environment, Union Carbide introduced Management by Goals to its operations in 1970.

The concept involves individual goal setting and planning, and is designed to integrate and co-ordinate individual position performance with the needs of the business. Direction and control are maintained at the appropriate level of knowledge in order to create the conditions for optimal recognition of the individual effort and commitment of employees to company objectives and to their work.

Continued company-wide emphasis on Total Loss Control, a multi-faceted program aimed at preventing injuries both on and off the job and, at the same time, reducing absenteeism, damage and all other occurrences that affect efficiency, helped improve safety performances. Significant safety achievements included the Fort Garry, Manitoba, plant's attainment of 1.5 million man hours without a lost-time accident. The accident-free period covers more than 13 years.

The Operations Improvement Program continued to contribute significant cost savings. Dollar sales per employee again increased as employment levels remained relatively stable.



The popular "Glad" line of food wrap products was in national distribution for the first time in 1970

technology

Eight laboratories are maintained by Union Carbide Canada Limited to undertake continuing development programs in a wide range of scientific areas. Company scientists, engineers and technicians also work on the adaptation of world-wide developments by the parent company, Union Carbide Corporation, to the requirements of the Canadian market.

Frequently, a considerable time period can occur between the development of a new product and the point where it reaches significant penetration in its particular market. Vulcanizable polyethylene, for example, developed in 1966 as a jacketing and insulation material for the wire and cable industry, only realized its sales potential during the past year.

In 1970, Canadian-developed products and processes included a cable filling compound which shows particular promise. Others which are still in the market development stage, including shrink film packaging and the use of liquid nitrogen in food freezing, enjoyed wider acceptance in their respective industries.

Work continued at the Montreal East plant on the development of a new high-density polyethylene process. Progress was achieved in lowering costs, and in improving quality and production efficiencies.

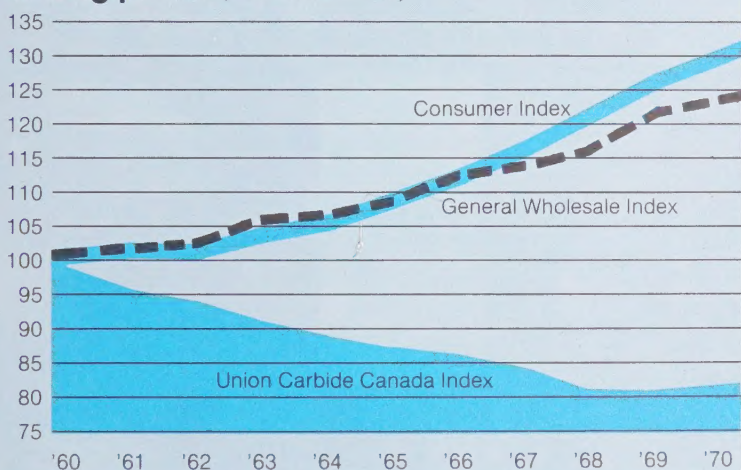


In the thermoplastics laboratory at the Company's Montréal East Technical Centre, a commercial-size extrusion line is used for the development and testing of wire and cable grades of polyethylene.

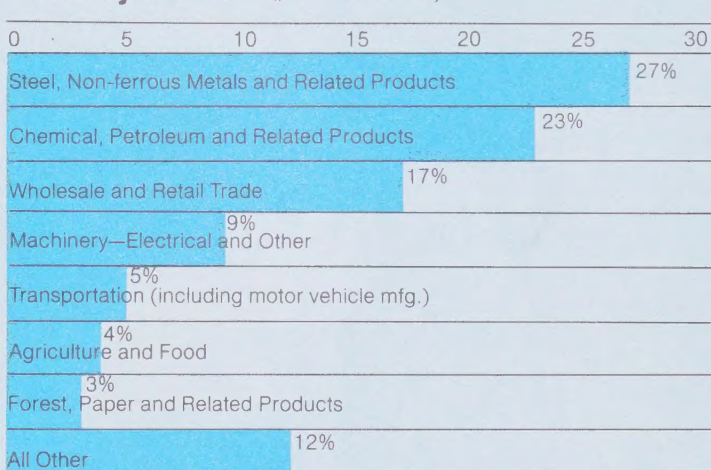
sales by group

	1970		1969		
	Amount (in thousands)	Per Cent of Total	Amount (in thousands)	Per Cent of Total	Percentage Change from 1969
Chemicals and Fibres	\$ 32,133	16	\$ 31,625	17	+ 2
Plastics	55,599	28	51,922	28	+ 7
Gases	33,835	17	29,913	16	+ 13
Metals and Carbon	77,965	39	70,418	39	+ 11
	\$199,532	100	\$183,878	100	+ 9

selling prices (1960 Index = 100)



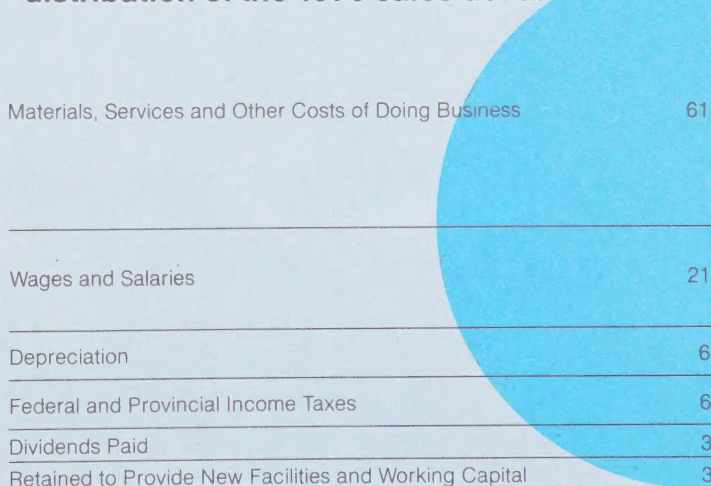
sales by markets (per cent of Sales)



construction expenditures by group

	1970		1969	
	Amount (in thousands)	Per Cent of Total	Amount (in thousands)	Per Cent of Total
Chemicals, Fibres and Plastics	\$ 4,616	28	\$ 2,885	18
Gases	4,093	25	3,857	24
Metals and Carbon	7,816	47	9,148	58
	\$16,525	100	\$15,890	100

distribution of the 1970 sales dollar



Jacques de Billy

Senior Partner, Messrs. Gagnon,
de Billy, Cantin, Dionne & La Haye
Quebec City

John S. Dewar

President, Union Carbide Canada Limited
Toronto

Robert F. Flood

Vice-President, Union Carbide Corporation
New York

Salter A. Hayden

Senior Partner, Messrs. McCarthy & McCarthy
Toronto

Allen T. Lambert

Chairman of the Board and President
The Toronto-Dominion Bank
Toronto

Dr. Thomas R. Miller

Vice-President, Union Carbide Corporation
New York

William B. Nicholson

Vice-President, Union Carbide Corporation
New York

John F. Shanklin

Vice-President and Secretary
Union Carbide Corporation
New York

Ian D. Sinclair

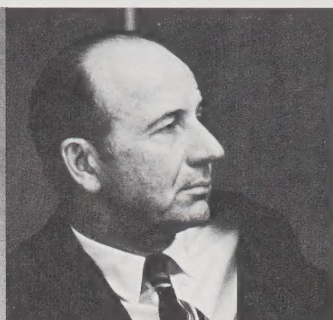
President, Canadian Pacific Railway Company
Montreal

George C. Wells

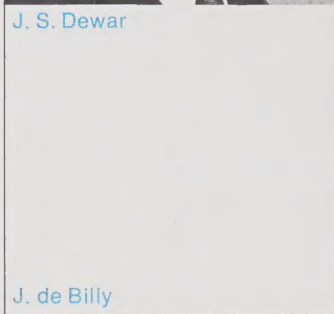
Vice-President, Union Carbide Corporation
New York



J. S. Dewar



W. B. Nicholson



J. de Billy



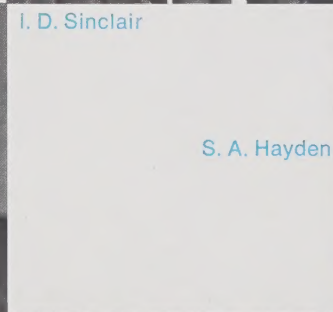
I. D. Sinclair



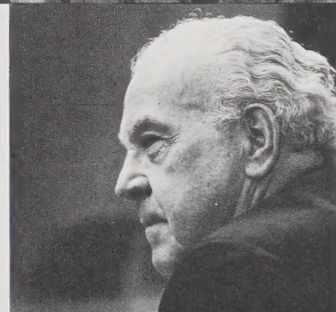
A. T. Lambert



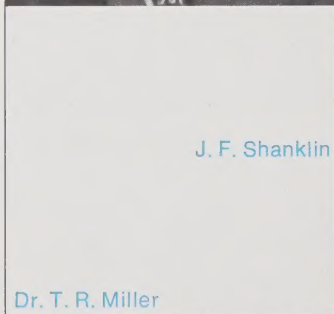
J. F. Shanklin



S. A. Hayden



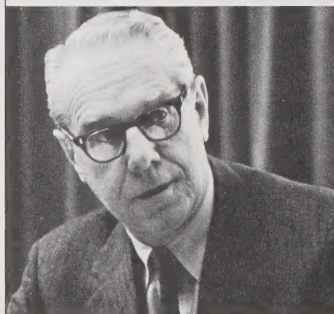
G. C. Wells



Dr. T. R. Miller



R. F. Flood



executive officers

- John S. Dewar**
President
- Alexander I. Hainey**
Vice-President
- Richard S. Hughes**
Vice-President
- Gerald O. Loach**
Vice-President
- Whitford S. Wyman**
Vice-President
- Douglas F. S. Coate**
Secretary and General Counsel
- Ross O. Holditch**
Treasurer



U. S. Steel **W. R. Hambrecht & Co.** **W. R. Hambrecht & Co.** **W. R. Hambrecht & Co.**

consolidated statement of income and retained earnings

	Year Ended December 31, 1970		Year Ended December 31, 1969	
Sales		\$199,532,000		\$183,878,000
Cost of Goods Sold	\$145,533,000		\$134,453,000	
Selling, General and Administrative Expenses	17,663,000		15,286,000	
Depreciation (Note 7)	12,480,000		13,309,000	
Interest on Long Term Debt	1,328,000		1,334,000	
Amortization of Patents, Trade Marks and Goodwill	398,000	177,402,000	413,000	164,795,000
		22,130,000		19,083,000
Investment Income	528,000		545,000	
Gain on Disposal of Capital Assets	224,000	752,000	179,000	724,000
		22,882,000		19,807,000
Income Taxes (Note 5)				
Current	11,474,000		11,680,000	
Deferred	625,000	12,099,000	(1,952,000)	9,728,000
Income before Extraordinary Items		10,783,000		10,079,000
<i>Income per Share</i>	<i>\$1.08</i>		<i>\$1.01</i>	
Extraordinary Items (Note 8)		576,000		1,527,000
Net Income		11,359,000		11,606,000
<i>Net Income per Share</i>	<i>\$1.14</i>		<i>\$1.16</i>	
Retained Earnings at January 1		53,624,000		48,018,000
		64,983,000		59,624,000
Dividends Paid		6,000,000		6,000,000
Retained Earnings at December 31		\$ 58,983,000		\$ 53,624,000

consolidated statement of source and application of funds

	1970	1969
Cash, January 1	\$ 4,403,000	\$ 4,099,000
Source of Funds		
Operations		
Net Income	11,359,000	11,359,000
Depreciation	12,480,000	12,480,000
Amortization of Patents, Trade Marks and Goodwill	398,000	398,000
Transfer to Deferred Income Taxes	625,000	(1,952,000)
	24,862,000	23,376,000
Bank Loan	7,650,000	7,650,000
Disposal of Fixed Assets (1970 Proceeds \$340,000)	274,000	1,664,000
Decrease in Investments	57,000	(1,921,000)
Other — Net	38,000	(286,000)
	32,881,000	30,483,000
Application of Funds		
Acquisition of Fixed Assets	16,525,000	15,890,000
Increase in Current Assets other than Cash	9,092,000	5,700,000
Dividends Paid	6,000,000	6,000,000
Decrease in Current Liabilities other than Bank Loan and Long Term Debt due within one year	2,834,000	4,004,000
Increase in Patents, Trade Marks and Goodwill	—	826,000
Repayment of Long Term Debt	944,000	76,000
	35,395,000	32,529,000
Decrease in Cash	2,514,000	(304,000)
Cash, December 31	\$ 1,889,000	\$ 4,403,000

The notes on pages 14 and 15 are an integral part of this statement.

consolidated balance sheet as at december 31, 1970

	December 31, 1970	December 31, 1969
assets		
Current Assets		
Cash	\$ 1,889,000	\$ 4,403,000
Receivables		
Trade Notes and Accounts	29,583,000	27,717,000
Trade Accounts — Affiliated Companies	3,798,000	2,728,000
Other Notes and Accounts	2,846,000	2,673,000
	36,227,000	33,118,000
Inventories — valued at the lower of cost and net realizable value (Note 2)	42,665,000	36,895,000
Prepaid Expenses	2,089,000	1,876,000
total current assets	82,870,000	76,292,000
Fixed Assets (Note 3)	114,078,000	110,312,000
Investments — at cost		
Subsidiaries (Note 4)	768,000	764,000
Other Companies (Note 4)	2,353,000	2,266,000
Mortgages and Notes Receivable	1,786,000	1,934,000
	4,907,000	4,964,000
Other Assets		
Deferred Charges	231,000	245,000
Patents, Trade Marks and Goodwill — at cost less amortization	1,171,000	1,588,000
	1,402,000	1,833,000
	\$203,257,000	\$193,401,000

Signed on behalf of the Board:

W. B. Nicholson, Director

J. S. Dewar, Director

December 31, 1970 December 31, 1969

liabilities

Current Liabilities

Bank Loan	\$ 17,650,000	\$ 10,000,000
Payables		
Trade Accounts	11,858,000	11,974,000
Trade Accounts — Affiliated Companies	4,016,000	5,811,000
Accrued Liabilities	4,251,000	4,665,000
	20,125,000	22,450,000
Income and Other Taxes	750,000	1,259,000
Long Term Debt Due Within One Year (Note 6)	—	3,693,000

total current liabilities	38,525,000	37,402,000
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Deferred Income Taxes (Note 5)	22,957,000	22,332,000
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Long Term Debt (Note 6)	23,192,000	20,443,000
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shareholders' equity

Capital Stock

Common Shares Without Nominal or Par Value		
Authorized — 12,500,000 shares		
Issued and Outstanding — 10,000,000 shares	59,600,000	59,600,000

Retained Earnings	58,983,000	53,624,000
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	118,583,000	113,224,000
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	\$203,257,000	\$193,401,000
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Auditors' Report

HURDMAN AND CRANSTOUN

36 TORONTO STREET
TORONTO, CANADA

To the Shareholders of
Union Carbide Canada Limited,
Toronto, Canada

We have examined the consolidated balance sheet of Union Carbide Canada Limited and its consolidated subsidiaries as at December 31, 1970 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hurdman & Cranstoun

Chartered Accountants

January 30, 1971

notes to the 1970 consolidated financial statements

1. principles of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries with the exception of three wholly-owned subsidiaries which are not significant to the consolidation and are not comparable to the Company's operations.

All assets and liabilities in foreign currencies have been translated to Canadian dollars at the exchange rate prevailing at December 31, 1970.

2. inventories at December 31 consisted of:

	1970	1969
Raw Materials and Supplies	\$ 12,370,000	\$ 10,273,000
Work in Process	10,389,000	9,388,000
Finished Goods	19,906,000	17,234,000
	\$ 42,665,000	\$ 36,895,000

3. fixed assets

The major classes of fixed assets at December 31 were:

		1970	1969
Land — at cost		\$ 4,753,000	\$ 4,733,000
Buildings — at cost	\$ 51,154,000		
Less: Accumulated Depreciation	21,321,000	29,833,000	30,434,000
Machinery and Equipment — at cost	\$181,860,000		
Less: Accumulated Depreciation	102,368,000	79,492,000	75,145,000
		\$114,078,000	\$110,312,000

4. investments

The investment in subsidiaries consists of shares at cost of \$389,000 and advances of \$379,000.

The investment in other companies consists of shares at cost of \$1,955,000 (no quoted market value) and advances of \$398,000.

5. income taxes

The Company uses the tax allocation principle to provide for income taxes. The time in which transactions affect taxable income frequently differs from the time in which they enter into the determination of income in the financial statements. The cumulative differences between taxes provided and taxes payable are shown as "Deferred Income Taxes" on the Consolidated Balance Sheet. The net effect of these timing differences for 1970 increased Deferred Income Taxes by \$625,000 which increase is reflected on the Consolidated Statement of Income and Retained Earnings.

6. long term debt

a) Debentures secured by a floating charge and held by affiliated Companies as follows:

	1970	1969
5½ % Subordinated maturing 1971	\$ 2,100,000	\$ 2,100,000
5½ % Second Subordinated maturing 1971	3,200,000	3,200,000
5¾ % Second Subordinated maturing 1971	11,500,000	11,500,000
6% Second Subordinated maturing 1971	300,000	300,000
8½ % Series A maturing 1975	2,900,000	—
5¾ % Series C, D and E maturing 1970	—	2,900,000
	20,000,000	20,000,000
b) A final payment due 1970 for shares purchased by the Company in a wholly-owned subsidiary	—	750,000
c) 5¾ % First Mortgage Sinking Fund Bonds of a subsidiary maturing May 1, 1977	3,192,000	3,386,000
	23,192,000	24,136,000
Less: Amounts due within one year included in Current Liabilities	—	3,693,000
	\$23,192,000	\$20,443,000

The 8½ % Series A debentures of \$2,900,000 maturing in 1975 were issued to replace the 5¾ % Series C, D and E debentures of the same amount which matured in 1970. The Series C, D and E debentures were included in "Long Term Debt Due Within One Year" on the 1969 Balance Sheet.

The Company has received a firm commitment to convert the remaining debentures maturing in 1971 into debentures maturing in 1976. Since these debentures are no longer payable within one year out of current funds they remain displayed as Long Term Debt.

7. depreciation

The Company uses straight-line depreciation for financial accounting purposes. Rates are based on estimates of life-months for each group of depreciable fixed assets. Gain or loss on disposal of fixed assets is calculated on the remaining net book value at the time of disposal.

8. extraordinary items

	1970	1969
a) Reduction in income taxes payable by the application of prior period losses in certain subsidiaries	\$ 576,000	\$ 668,000
b) Gain from sale of plastic rigid container business after provision for income taxes of \$146,000	—	859,000
	\$ 576,000	\$1,527,000

9. retirement program

Costs of the Company's retirement program for employees are funded annually. Trust funds exceed the actuarial liability for benefits vested in employees. Past service costs are being amortized over a 25-year period ending in 1989. The most recent estimate by the Company's Actuarial Consultants indicate this liability to be approximately \$8,449,000.

10. commitments

Purchase commitments for capital expenditures outstanding at December 31, 1970 amounted to approximately \$3,661,000.

11. directors' and officers' remuneration

In 1970 there were:
12 directors whose aggregate remuneration as directors was \$20,400
10 officers whose aggregate remuneration as officers was \$414,428
2 officers who were also directors of the Company.

ten year summary

(dollars in thousands — except per share figures)										
	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
net sales										
Chemicals and Fibres	\$ 32,133	\$ 31,625	\$ 30,387	\$ 26,320	\$ 23,277	\$ 24,660	\$ 26,109	\$ 22,989	\$ 21,943	\$ 18,436
Plastics	55,599	51,922	46,686	46,757	46,889	44,808	41,385	34,592	32,073	28,604
Gases	33,835	29,913	29,190	27,830	25,828	23,264	20,955	18,841	17,499	14,569
Metals & Carbon	77,965	70,418	59,895	60,072	58,741	52,605	44,935	37,000	37,917	35,826
	\$199,532	\$183,878	\$166,158	\$160,979	\$154,735	\$145,337	\$133,384	\$113,422	\$109,432	\$ 97,435
net income										
Amount	11,359	11,606	9,568	9,226	13,054	13,039	12,130	9,728	9,339	7,533
% of Sales	5.7%	6.3%	5.8%	5.7%	8.4%	9.0%	9.1%	8.6%	8.5%	7.7%
Per Share (on 10,000,000 shares outstanding)	1.14	1.16	.96	.92	1.31	1.30	1.21	.97	.93	.75
total assets	203,257	193,401	184,265	179,734	166,108	150,379	141,962	139,233	126,923	122,169
construction expenditures	16,525	15,890	13,262	20,053	24,465	13,560	13,432	8,993	5,621	10,435
depreciation	12,480	13,309	12,006	11,501	9,966	8,876	8,335	8,010	8,079	7,266
employee data										
Wages & Salaries	42,733	38,823	35,749	34,502	31,682	26,833	24,886	21,284	20,057	18,725
Average Number of Employees	5,307	5,205	5,131	5,405	5,335	4,736	4,573	4,092	3,852	3,705

carbon

Welland and Toronto, Ontario

chemicals

Montreal East, Quebec /
Belleville, Ontario

consumer products

Toronto and Walkerton, Ontario

fibres

Arnprior and Brampton, Ontario

gases

Vancouver and Vernon, British Columbia / Calgary and Edmonton, Alberta / Saskatoon, Saskatchewan / Selkirk, Thompson and Transcona, Manitoba / Thunder Bay, Sault Ste. Marie, London, Malton, Mississauga, Welland, Oakville, Sarnia and Ottawa, Ontario / Noranda, Arvida, Montreal, Montreal East, Tracy, Lauzon and Sept-Iles, Quebec / Saint John, New Brunswick / Halifax, Nova Scotia

metals

Welland, Ontario /
Beauharnois and Chicoutimi, Quebec

plastics

Surrey, British Columbia / Fort Garry, Manitoba / Lindsay, Orangeville and Belleville, Ontario / Cowansville and Montreal East, Quebec / Amherst, Nova Scotia

Electric Arc Furnace Electrodes / Electrolytic Cell Anodes / Furnace Linings / Electric Motor and Generator Brushes / Theatre Projector Carbons / Carbon and Graphite Products for chemical, electrical, mechanical and metallurgical applications

UNION CARBIDE Organic Chemicals including Ethylene Oxide, Ethanolamines, Glycols and Glycol Ethers / Agricultural Chemicals / Silicone Chemicals, Resins, Oils and Elastomers

EVEREADY Flashlight, Lighting, Photoflash, Hearing Aid, Transistor and other Electronic Batteries / EVEREADY Flashlight Cases and Lanterns / LINDÉ Star Sapphires and Rubies / Synthetic Crystals / PRESTONE Anti-Freeze Coolant and Car Care Products / "6-12" Insect Repellent / EVEREADY Flashlight and Radio Panel Lamps / GLAD Wrap, Bags and Garbage Bags

UNEL Nylon / DYNEL Modacrylic Fibre / FIBERBOND Fabric and Filters

LINDE Oxygen, Nitrogen, Hydrogen, Argon and Rare Gases / Calcium Carbide and Acetylene / Welding, Cutting, Forming and Heat-Treating Apparatus / Coatings Service / Steel-Conditioning Machines / Rock-Piercing and Shaping Equipment / Medical Gases, Inhalation and Suction Therapy Equipment / Distillation Trays / Cryogenic Equipment / Proppants / Food Freezing Equipment / In-Transit Refrigeration Systems / Molecular Sieves / Special Alloys to resist heat, corrosion and wear / UNOX System for secondary waste water treatment

Ferroalloys, Alloying Metals, Pure Metals and Metal Compounds produced from the elements Boron, Calcium, Chromium, Columbium, Manganese, Silicon, Tantalum, Titanium, Tungsten, Vanadium and Zirconium

UNION CARBIDE Phenolic Resins and Compounds / Polyethylenes and Co-Polymers / Epoxy Resins / Phenoxy Resins / Vinyl and Polystyrene Co-Polymer Resins and Compounds / Polysulfone Resins / Polyethylene Film / Industrial Shipping Bags / Flexible Packaging / VISKING Cellulose and Fibrous Food Casings

wholly-owned consolidated operating subsidiaries

Becker Drills Ltd. and its wholly owned subsidiaries—devices for drilling through overburden

Dominion Viscose Products Limited—viscose food casings

Smelter Power Corporation—electric power

Union Carbide Canada Mining Ltd.—mining and exploration for minerals

Union Carbide Canada Limited

Head Office

123 Eglinton Avenue East,
Toronto 12, Canada

Transfer Agent and Registrar

Canada Permanent Trust Company,
Toronto, Halifax, Montreal,
Winnipeg and Vancouver

Stock Exchange Listings

Montreal, Toronto and Vancouver

Auditors

Hurdman and Cranstoun, Toronto

**UNION
CARBIDE**

Sales for the first half of 1970 reached an all-time high of \$98,021,000, an improvement of 11 per cent over sales of \$88,567,000 in the same period last year.

Net income amounted to \$5,969,000 or 60 cents a share, compared with \$5,875,000 or 59 cents a share in the first six months of 1969. The 1970 figure includes a three cents per share item of extraordinary income resulting from a reduction in income taxes payable by the application of prior-period losses. Last year's restated semi-annual results include ten cents a share of extraordinary income, primarily gain from the sale of the Maple, Ontario, plant.

Without the extraordinary item, earnings from operations were \$5,671,000, an increase of more than 16 per cent over comparable earnings of \$4,873,000 in the first half of 1969.

Continued strong demand in most of the company's product areas was the major factor contributing to the improved sales and earnings picture.

It is anticipated that results for the full year will show a favorable improvement over 1969 despite the unsettled nature of present business conditions.

The \$10 million expansion of the Welland Ontario, carbon and graphite plant and construction of the new \$2 million air separation plant at St. Andrews, Manitoba, continue on schedule. Both projects are expected to be in operation by the year-end.

J. S. Dewar
President

AR02

**UNION
CARBIDE**

Executive Officers

J. S. Dewar, President
R. S. Hughes, Vice-President
G. O. Loach, Vice-President
W. S. Wyman, Vice-President
R. O. Holditch, Treasurer
D. F. S. Coate, Secretary and General Counsel

Head Office

123 Eglinton Avenue East, Toronto 12, Canada

Transfer Agent and Registrar

Canada Permanent Trust Company,
Toronto, Halifax, Montreal, Winnipeg and Vancouver

Stock Exchange Listings

Montreal, Toronto and Vancouver

Consolidated Operating Subsidiaries

Becker Drills Ltd. and its consolidated subsidiaries
Chicoutimi Silicon Ltd.

Dominion Viscose Products Limited

Smelter Power Corporation

Union Carbide Canada Mining Ltd.

**UNION
CARBIDE**

Union Carbide Canada Limited

Semi-Annual

Report

June 30, 1970

Interim Consolidated Income Statement
(subject to year-end audit and adjustment)

		Six months ended June 30	
		1970	1969
Sales		\$98,021,000	\$88,567,000
Cost of Goods Sold	\$70,782,000		\$64,186,000
Selling, General and Administrative Expenses	8,596,000		7,105,000
Depreciation	6,433,000		6,579,000
Interest on Long Term Debt	661,000		664,000
Amortization of Patents, Trade Marks and Goodwill	215,000	86,687,000	180,000
		11,334,000	9,853,000
Investment Income	286,000		255,000
Gain on Disposal of Capital Assets	224,000	510,000	49,000
		11,844,000	10,157,000
Income Taxes			
Current	6,538,000		6,174,000
Deferred	(365,000)	6,173,000	(890,000)
Income Before Extraordinary Items		5,671,000	4,873,000
Income per Share	\$ 0.57		\$ 0.49
Extraordinary Items		298,000	1,002,000*
Net Income		\$ 5,969,000	\$ 5,875,000
Net Income per Share	\$ 0.60		\$ 0.59

*Restated to display, as an extraordinary item, the reduction in income taxes payable by the application of prior-period losses.

Interim Consolidated Statement of Source and Application of Funds
(subject to year-end audit and adjustment)

		Six months ended June 30	
		1970	1969
Cash, January 1		\$ 4,403,000	\$ 4,099,000
Source of Funds			
Net Income		5,969,000	5,875,000
Depreciation		6,433,000	6,579,000
Amortization of Patents, Trade Marks and Goodwill		215,000	180,000
Transfer from Deferred Income Taxes		(365,000)	(890,000)
		12,252,000	11,744,000
Bank Loan		4,140,000	3,500,000
Net Value of Fixed Assets Sold		164,000	1,363,000
Other		62,000	—
		16,618,000	16,607,000
Application of Funds			
Investment in Fixed Assets		6,507,000	3,382,000
Decrease in Current Liabilities other than Bank Loan		3,829,000	6,346,000
Increase in Current Assets other than Cash		3,654,000	4,228,000
Dividends Paid		3,000,000	3,000,000
Long Term Debt Reduction		100,000	—
Investments		—	1,316,000
Patents, Trade Marks and Goodwill		—	826,000
Other		—	467,000
		17,090,000	19,565,000
Decrease in Cash		472,000	2,958,000
Cash, June 30		\$ 3,931,000	\$ 1,141,000